

INSPECTOR'S STATEMENT- Event Violation
Minerals Regulatory Program

Company/Mine: Perihelion Global, Inc.
 Permit #: S/003/0076

Violation # MC-2010-17-12

A. SERIOUSNESS

1. What type of event is applicable to the regulation cited? Refer to the DOGM reference list of event below and remember that **the event is NOT the same as the violation.** Mark and explain each event.

- ☐ a. Activity outside the approved permit area.
- ☐ b. Injury to the public (public safety).
- ☐ c. Damage to property.
- ☒ d. Conducting activities without appropriate approvals.
- ☐ e. Environmental harm.
- ☐ f. Water pollution.
- ☒ g. Loss of reclamation/revegetation potential.
- ☐ h. Reduced establishment, diverse and effective vegetative cover.
- ☐ i. Other.

Explanation: Operator has not remitted permit fees for 2009 and 2010. The reclamation surety was due for escalation in April of 2010. The Division was notified that the operator has filed bankruptcy. Attempts to contact the operator by mail, or phone have not been successful.

2. Has the event or damage occurred? No
 If yes, describe it. If no, what would cause it to occur and what is the probability of the event(s) occurring? (None, Unlikely, Likely).

Explanation: Operations remain in an 'inactive' status. Surety has not been increased. .

3. Did any damage occur as a result of the violation? NO
 If yes, describe the duration and extent of the damage or impact. How much damage may have occurred if the violation had not been discovered by a DOGM inspector? Describe this potential damage and whether or not it would extend off the disturbed and/or permit area.

Explanation: Damage would occur in the form of insufficient bond to complete reclamation of the site, and a continued lack of appropriate land use (grazing and wildlife habitat).

B. DEGREE OF FAULT (Check the statements which apply to the violation and discuss).

- ☐ Was the violation not the fault of the operator (due to vandalism or an act of God), explain. Remember that the permittee is considered responsible for the actions of all persons working on the mine site.

Explanation: _____

- ☒ Was the violation the result of not knowing about DOGM regulations, indifference to DOGM regulations or the result of lack of reasonable care.

Explanation: Operator has not provided DOGM with current contact information. Certified mail has been returned. A prudent operator would at least respond to contacts to resolve problems or request extensions rather than ignore the Division.

___ If the actual or potential environmental harm or harm to the public should have been evident to a careful operator, describe the situation and what, if anything, the operator did to correct it prior to being cited.

Explanation: _____

___ Was the operator in violation of a specific permit condition?

Explanation: _____

___ Has DOGM cited the violation in the past? If so, give the dates and the type of warning or enforcement action taken.

Explanation: _____

X Was any economic benefit gained by the operator for failure to comply? Perhaps. If yes explain.

Explanation: while it is possible some economic benefit was gained in the form of not providing the increased surety, or expending funds to complete the reclamation, the reality is that with the operator filing bankruptcy, it is unlikely that there was any economic benefit.

The timeframe for abatement of this violation has now lapsed with the violation being unabated. An FTACO is warranted, however will not be issued at this time due to weather conditions prevent access to the site to post the order.

GOOD FAITH

Since this violation has yet to be abated, Good Faith Points cannot be assessed at this time.

1. In order to receive good faith for compliance with an NOV or CO, the violation must have been abated before the abatement deadline. If you think this applies, describe how rapid compliance was achieved (give date) and describe the measures the operator took to comply as rapidly as possible.

Explanation: _____

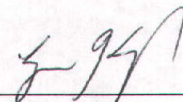
2. Explain whether or not the operator had the necessary resources on site to achieve compliance.

Explanation: _____

3. Was the submission of plans prior to physical activity required by this NOV/CO? _____ If yes, explain.

Explanation: _____

Lynn Kunzler
DOGM Inspector


Signature

January 25, 2011
Date